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ENVIRONMENT

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10:00 a.m.

Env Committee 3/6/2006

PRESIDING CHAIRMEN: Senator Finch
 Representative Roy

COMMITTEE MEMBERS PRESENT:

SENATORS: Meyer, Cook, DeFronzo

REPRESENTATIVES: Chapin, Alberts, Giuliano,
 Greene, Hennessy, Jutila,
 Kalinowski, Mushinsky,
 O'Rourke, Perone, Piscopo,
 Wilber, Willis

REPRESENTATIVE ROY: Again, the usual rules apply
 three minutes per speaker. Hopefully, no more
 than five minutes for questions. In one way we
 are fortunate today that some other committees
 are taking all of the heat. So we should be
 able to move this hearing along fairly well.

In case of an emergency, the two exits in the
rear that you used to get into this room are
the emergency exits, along with this exit to my
left behind the Committee Members up here.

Please exit walking, and take orders from any
Capitol Police as to which direction to go.
Generally you go left and right out the Main
Entrance. But if that is where the problem is
they will direct you elsewhere. I think that's
it. Are we ready?

Any questions or comments? Say none. They are probably saving them up for next Monday.

DENNISON ALLEN: All right. Thank you very much for allowing me to speak.

REP. ROY: Cathy Osten followed by DEP Commissioner Gina McCarthy. Cathy Osten? Commissioner McCarthy.

COMM. GINA MCCARTHY: Good morning, Mr. Chairs, Members of the Committee. I appreciate my ability to testify here today, and your willingness to hear from me. There are a number of bills that you will be hearing today that DEP has great interest in, and we have submitted written testimony on those bills.

But this morning I would like to focus my comment on one bill in particular, Raised House Bill 5623, a bill that seeks to have the Governor withdraw for the state from its participation in the Regional Greenhouse Gas Initiative, which we call RGGI.

DEP is here to strongly oppose Raised House Bill 5623. We believe that climate change is one of the most pressing environmental challenges that we must face. We recognize and salute the past commitment of the General Assembly to address climate change, and a number of initiatives and bills that have moved forward.

In December of 2005, Connecticut joined what we call RGGI, which is a gathering of seven states and includes Connecticut, Delaware, Maine, New

Hampshire, New Jersey, New York, and Vermont which formed what we call the Regional Greenhouse Gas Initiative.

It is a cooperative effort that will address carbon dioxide emissions from large electricity generating units, which are the region's most significant sources of greenhouse gases.

The policies at RGGI events will encourage decision-making that will not only foster environmental improvements, but energy efficiency as well as energy independence.

The signing of this MOU was the combination of two and one-half years of planning and analysis by the participating states. It is slated to begin in January of 2009, and it is the first Cap and Trade Program to control carbon dioxide emissions in the United States.

We are strongly in favor of moving forward with the Regional Greenhouse Gas Initiative. We believe it is not only good for the environment, but it is also good for the economy, and it is good for energy independence.

It creates funding for energy conservation, renewable energy alternatives that will allow us to do what I believe Governor Bush called to reduce our addiction on fossil fuels. It is part of that effort.

It is not the whole of it, but it is an excellent initiative that has been thoroughly

analyzed, and we believe should move forward unabated.

We will be presenting a model rule that will be going out in draft very shortly. That rule will allow the public to enter into the debate in Connecticut in a robust way.

To comment on it, it is a serious regulatory process, and we believe that it should move forward, and that the citizens of this state should have an opportunity to comment on this agreement through that regulatory process.

You will, I believe, hear comments about concerns about the economic impact of this agreement, and just to tell you upfront that there was an extensive analysis that was conducted over the course of these two-and-a-half years that was crafted, not just by the environmental leads of these states, but also the energy leads of these states, as well as a broad group of stakeholders that inputted into this process for two-and-a-half years.

That extensive analysis has identified a cost to consumers in the neighborhood of just 1% to 2% in energy cost between now and 2015, which, we believe, is a small incremental price to pay for a step in the right direction that will allow us to move forward towards energy independence and decreasing our reliance on fossil fuels, which has not only wreaked havoc environmentally, but has also caused considerable difficulty for everyone's pocketbooks.

So we would encourage you to not approve of this bill, and to allow us to continue what we need to do to move this agreement forward. Thank you for the opportunity to comment. And I am certainly here to take any questions on this bill, or any others that you might want to ask.

REP. ROY: Thank you. Any questions or comments?
Representative Piscopo.

REP. PISCOPO: Thank you, Mr. Chairman. Good morning, Commissioner. Commissioner, as we head into this carbon dioxide Cap and Trade Program the agreement calls for carbon dioxide short tons. Can you explain that to me briefly, what that means? Is that a goal that we have to come up with?

COMM. GINA MCCARTHY: Yeah. The goals of the Regional Greenhouse Gas Initiative are both short term and long term. In the short term, the agreement is intending to keep the amount of greenhouse gases that are emitted from these facilities as they are today through 2015, and then achieve a 10% reduction in those greenhouse gases before the year 2019.

Now that is done through both onsite reductions, as well as opportunities to accrue what we call off sets, which is a cost-effective, flexible approach that allows facilities that cannot achieve onsite reductions in greenhouse gases to find other cost-effective ways to invest in both energy efficiency, as well as renewable energy projects.

REP. PISCOPO: So the report says, for instance, Connecticut is 10.7 million short tons of carbon dioxide, that is the goal by 2015?

COMM. GINA MCCARTHY: The goal is to maintain that through 2015. The actual agreement does not even take place until January of '09, and then the faculties are asked to provide a plan that they can design themselves, to maintain those levels of reductions through 2015, and then subsequent to that we are looking for some reductions.

REP. PISCOPO: When you say facilities, do you mean power plants, manufacturers?

COMM. GINA MCCARTHY: No. At this point, we mean the largest electric generating units which are 25 megawatts or larger in the state.

REP. PISCOPO: Thank you, Commissioner. And you know how economists sometimes give you different reports, have you seen the Connecticut Rivers Economic study on this proposal?

COMM. GINA MCCARTHY: Yes. We have done our own analysis, as well as looked at analysis that was conducted everywhere, and, I believe, the analysis you're referring to is called the *Charles River Report*.

A number of entities both within the states and the other stakeholders have looked at that report and believe it to be fatally flawed.

Coming from Massachusetts, I will tell you that the nickname for the Charles River, before we were environmentally enlightened, was the Muddy River.

I think it is probably a good name for this study, because it has done nothing but muddy the economic analysis that has been done to look at the Regional Greenhouse Gas Initiative.

We believe, that all of the analysis that we have done that it is credible, and that we have seen from other entities that it was done well and indicates that this initiative will actually, long term, increase energy efficiency, increase our reliance on renewables, and decrease our reliance on fossil fuels, and have significant economic impacts, both short term and long term.

REP. PISCOPO: I think something that has sold a lot of Legislators on this original proposal was that we will all be in this together.

It was the New England States and those states that we were, in effect in competition with, will all be in this together. Massachusetts and Rhode Island have bowed out of this agreement.

And that is one of the reasons that you mentioned Massachusetts and that is one of the reasons why I asked the Chairs to raise this bill.

It gives me great concern, that we have usurped our process as a Legislature to pretty much

hand this into a regional group of Governors and East Coast Premiers, Chancellors, and Canada. And we basically have no say, and now two of our competitors that live right next door have opted out of this agreement. So I guess that is just a rhetorical statement.

COMM. GINA MCCARTHY: Representative, if I may, I totally appreciate the interest of the General Assembly, and your effort to look at this in a thorough way. I think, it is a great opportunity for you, and, I think, that others should look at it.

The one thing that I would recognize, is that we still believe that this is a significant and cooperative regional agreement. While Massachusetts decided not to sign the agreement at this time, as well as Rhode Island, we have every reason to believe that looking at this moving forward before it is enacted in 2009.

We still have high hopes that this will be adopted by both Massachusetts and Rhode Island. As you know, Massachusetts through their regulatory process has already established requirements in regulation for greenhouse gas reductions from these same facilities.

They will be hoping to take some advantage of the offset market that this agreement will create, but Connecticut has not required by regulation similar reductions in greenhouse gases, and this is using what we believe, to be a more effective, flexible approach to achieve the same kind of environmental protection

impacts in a positive way without some of the potential economic downsides.

We have great faith that Rhode Island in seeing that the rest of the region is moving forward, will want to be in the game, because there could be significant disadvantages to a state, in this region, with this regional agreement not taking advantage of the allowances that this agreement provides to their facilities.

An allowance is a basically economic shares, basically trading allowances that allow them to take advantage of the market initially, and not have to face any increased economic downsides.

So I think, you will see this play out and we have been seeing some very bright lights arising from this with California announcing that they are going to move towards a similar statewide agreement, hoping to also partner with us on the offset side.

We know the Midwest is having discussions. So this was not just a regional agreement that we wanted to undertake, but we felt it would start that kind of momentum, and we really hope that before 2009 hits there is a possibility for a national program that is robust enough that we don't need to do it regional and there won't be disparate programs popping up in different states and different regions, and we will begin to get serious about our efforts to reduce the emissions that lead to global climate change.

REP. PISCOPO: Thank you, Mr. Chairman.

REP. ROY: Thank you, Representative Alberts, nope you're all set. Now Representative Chapin.

REP. CHAPIN: Thank you, Mr. Chairman. Just as a follow up so I am clear. If Rhode Island and Massachusetts don't participate in this agreement, do you believe that that puts us at a competitive disadvantage when it comes to business growth in the State of Connecticut?

COMM. GINA MCCARTHY: No. I do not. I do not at all. I think Massachusetts will be at a slight disadvantage, because of the way in which they have chosen to reduce greenhouse gases, and I think Rhode Island will be at a significant disadvantage in terms of their energy costs. But we believe, that this agreement has actually been beneficial regardless of whether Massachusetts and Rhode Island joins in.

REP. CHAPIN: Do you think that is beneficial economically?

COMM. GINA MCCARTHY: Yes. I believe, long term it is. I believe, short term we do recognize that there will be potentially a 1% to 2% increase in energy costs after 2015, but, we believe, that is a short term impact which will lead to significant economic savings, if we can use this as an opportunity to get less reliance on fossil fuels.

REP. CHAPIN: Thank you very much. Thank you, Mr. Chairman.

REP. ROY: You're welcome. Any other questions or comments? Commissioner, thank you very much.

COMM. GINA MCCARTHY: I appreciate it. Thank you.

REP. ROY: Has Cathy Osten arrived? If not, we will go to the public portion, and Leah Lopez, followed by Megan Hearne.

LEAH LOPEZ: Good morning. How are you guys doing? Senator Finch, Representative Roy, and Members of the Environment Committee, my name is Leah Schmalz, and I am the Director of Legislative and Legal Affairs for Save the Sound, which is a program of Connecticut Fund for the Environment.

I am here to support Raised House Bill 5624 AN ACT AUTHORIZING BONDS OF THE STATE FOR THE CLEAN WATER FUND. I will be submitting more extensive written testimony from CFE, as well as from Rivers Alliance.

The legislation currently before you authorizing \$70 million in bonding to Clean Water Fund Projects is essential, if we are to protect our state's water bodies, including Long Island Sound.

For most of the last two decades, Connecticut has reaped the benefits of a consistent, well-planned, and executed investment in clean water.

Capitalizing on this investment the DEP has successfully planned and partnered with towns and cities, and achieved remarkable successes in restoring our rivers, lakes, and Long Island Sound.

investment in the state's water quality. Thank you.

REP. ROY: Thank you. Are there any questions for Megan? Say none. Thank you very much Megan. Christopher Phelps followed by Jack Jolls.

CHRISTOPHER PHELPS: Good morning. Thank you, Chairman Roy and Members of the Committee.

My name is Christopher Phelps. I am an advocate with ConnPIRG, the Connecticut Public Interest Research Group, and I have submitted testimony on two bills for the Committee today, Raised Bill 5624.

We submitted testimony in support of that legislation. As was noted earlier, this bill really is vital. It restores funding for Connecticut's commitment to clean water projects to protect our waterways in the state, and we strongly support that legislation.

Additionally, we offered you testimony on Raised House Bill 5623 AN ACT WITHDRAWING FROM THE REGIONAL GREENHOUSE GAS INITIATIVE, and ConnPIRG is strongly opposed to this legislation.

As you know, I am sure, in 2004, this Legislature enacted a number of pieces of legislation committing this state to moving forward in its efforts to reduce emissions of global warming pollutants that contribute to climate change.

And these landmark steps that Connecticut has taken really establish our state as a leader in national efforts to combat global warming with commonsense, cost-effective policies.

The RGGI Agreement, Regional Greenhouse Gas Initiative Agreement, is really critical to the success of that commitment that we and other states in the Northeast have made.

Frankly, it is not possible for our state or our Nation to achieve substantive effective reductions in global, warming influence, and to fight global warming, without dealing with emissions from the power sector, and this agreement gets us on that path.

As noted earlier by the Commissioner of the Department of Environmental Protection, this agreement is providing an example that other states, and other regions throughout this Nation are beginning to follow as well.

Really, Connecticut, and the six other states in the Northeast that have agreed in recent months in support of this are leading by example, and I would agree, on the behalf of ConnPIRG, that we really hope that this provides the impetus for a national coordinated and effective effort on this initiative that is really vital to both our economic and our environmental well-being in decades to come.

I am going to leave it at that, and just conclude by noting what, I think, the Commissioner also mentioned, which is that this program was designed not just with the

environmental necessity of fighting global warming in mind, but also with the necessity of doing it in a smart way for our businesses and our consumers in Connecticut and throughout the region.

And it includes provisions that as she noted, will allow for investments in policies that can benefit energy consumers through energy efficiency programs, demand-reduction programs in the long haul, in essence making this a win-win opportunity for our state. I hate that phrase, but I am going to use it today.

So on behalf of ConnPIRG, I do urge you to reject this bill. I think, it would take us in the wrong direction and reverse a commitment, a very good commitment, that our state has made. I would be happy to answer any questions.

REP. ROY: Thank you, Chris. Any questions for Chris? Say none. Thank you very much. Jack Jolls followed by David Sutherland.

JACK JOLLS: Good morning. Chairman Roy, Members of the Committee, my name is Jack Jolls. I am the immediate past President of the American Council of Engineering Companies of Connecticut.

We represent 115 consulting firms in the state, many of whom provide environmental engineering services for state agencies and municipalities related to clean water projects.

While the Legislature has funded this program consistently since 1987, at an average of about

REP. ROY: Thank you, Sir. Are there any questions for Jack? Say none. Thank you very much. David Sutherland, followed by Michael Bisi.

DAVID SUTHERLAND: Good morning. Thank you very much for giving us the opportunity to testify.

I am here today on behalf of the Nature Conservancy and our 28,000 members here in Connecticut to express our strong opposition to House Bill 5623, which would call for the State of Connecticut to withdraw from the Regional Greenhouse Gas Initiative.

In opposing this bill, we want to express our appreciation of this Committee for your support and introduction of a variety of measures over the last several years that have helped us towards some of the goals that are called for in the Regional Greenhouse Gas Initiative.

I have submitted in my testimony, just some brief accounts of what we expect some of the impacts of climate change to be on some of our natural systems here in Connecticut. But in the brief time for my verbal testimony, I would just like to address the issue of why Connecticut should be doing something.

We do help many of our citizens here in Connecticut that face very severe economic hardships, and we would never want to diminish the difficulties or appear to be diminishing the difficulties of those impacts.

Any increases in the cost of living for some of our citizens are very serious, but one way or

another, Connecticut has managed to remain probably the most affluent assemblage of three million people that has ever existed in history.

We do have some serious problems with some of our segments of our society, but as a whole, even if you take away Fairfield County, Connecticut still ranks, I think, second or third in the Country in per capita income.

So if we are not going to try to do something about this very, very serious problem looming ahead of us, how in the world can we expect anyone else in the world to do so.

It has got to be coming from us. We've got to be in the forefront of these efforts, and the RGGI Project provides us a way of doing this.

These impacts from climate change are not going to be abstract, happening somewhere else. We are going to be seeing impacts, very unpredictable impacts in a lot of ways, here in Connecticut, and we feel that it is paramount for us to move forward.

The solutions are not going to be perfect. We are going to make mistakes in trying to address this issue, but that is not a reason for not doing anything, and to do nothing in the face of this problem could be one of the most irresponsible acts our society takes in our generation.

So thank you very much for your support for a lot of related issues.

REP. ROY: Thank you David. Senator Meyer.

SEN. MEYER: Mr. Sutherland, I think I read that the current Administration in Washington believes that climate change is, there is no climate change. At least there is no climate change caused by human activity. Do you understand that to be the position of the Administration as well?

DAVID SUTHERLAND: Well, I think if you took it all of the way to the top, and they had to speak truly as one voice, yeah, I think that's what they are still saying.

I think we are seeing a variety of chinks in that position from different agencies, different officials in agencies that are looking at the problem. So I think they have probably got a little less unanimity than they did a couple of years ago.

That's my impression on it, but if you asked the White House, my impression is, yeah, they would say, at this point, we still need to do more study.

I think they have softened that a little bit. It is my impression that they have started to at least acknowledge that there might be a problem, and that we should at least look at it more.

SEN. MEYER: Are you persuaded that there is actually ongoing climate change, and that climate change results from human activity?

DAVID SUTHERLAND: Yeah. The scientists in our organization, we are a global organization with science staff, and our scientists and a lot of other scientists with whom they are constantly consulting, yeah, very much believe that it is going on now.

It's already started. It's going to get worse, and that while human impacts aren't the only cause, that they are a predominant cause. They are a major influence on that.

I don't know if you saw in the news, the *Hartford Courant* this morning, there is an article about the Canadian forests, the Lodgepole Pine, which is a major timber tree up in Canada, and they are seeing millions and millions more acres devastated by an insect that previously has been very restricted in its range, and they feel the major reason that it has spread, is because of warming.

They don't have as cold, persistently cold, winters, as they used to, and that is just having a devastating effect on millions and millions of acres of important forest.

And I think one of the problems we get into looking at any individual incident, whether it is that forest's infestation of a spreading insect or whether it is certain hurricanes.

I think it is very difficult to attribute any specific incident due to climate change. There are always going to be a variety of factors, but the prevailing signs that we are seeing is

that the trends are not good. The trends are pointing towards climate change, and that is greatly exacerbated by human activity.

SEN. MEYER: Is there any scientific doubt that the climate is actually warming?

DAVID SUTHERLAND: Oh. There are certainly some people who doubt that.

SEN. MEYER: Isn't that provable?

DAVID SUTHERLAND: Well, I think in any area of scientific research or expertise, part of the job of scientists are to foster doubt and doubt themselves, create doubt, and I think, you could certainly work with some climate statistics.

To portray most climatologists that I have seen, have said yes, climate change is happening, and I think a big issue is whether it is just probably the bigger disagreement is whether it is part of just natural cyclical cycles that happen over tens of thousands, hundreds of thousands, or even shorter periods of time, and again, most climatologists that I have seen or read, feel that human activity is exacerbating this.

That it is not just natural cycles. So I think that is the bigger argument.

REP. ROY: Thank you. Any other questions? Senator Piscopo.

SEN. PISCOPO: Thank you, Mr. Chairman. Just to clarify, if we pull out of this, it doesn't mean that we are not going to do anything. I mean, we could still work on business to curb the cancer carcinogens, such as the sulfur compounds and the nitrous compounds, and those pollutants that actually harm us.

So I didn't want you to leave this Committee with that impression, that we will do nothing. We're always a pretty innovative state and try to clean our environment.

DAVID SUTHERLAND: Right. I think that's a good point. We feel that this regional agreement is a crucial part of doing something in that the solutions to climate change are going to have to happen on a variety of levels, not just individual states, or individual provinces and other countries.

It is going to take as many provinces, as many states, as many countries as possible working together to foster solutions, and just Connecticut doing this bill here or that bill here, it is very important for us, but I think for us to be joining with other states, coordinating our actions, studying them more in-depth to see what mistakes we are making, what successes we are having over a period of years is critical, and I think it will create a lot more attention.

There are a couple of, I think they call them states in Australia, states or provinces there that are looking at the RGGI process here in the Northeastern United States.

There are a couple of European countries that are looking at it, and there are other states in the country that are looking at it, and I think, they are looking at it more than they would be if it was just Connecticut.

So I think you're right. We do have to approach it on both levels.

REP. ROY: Thank you. Any other questions or comments? Thank you, David.

DAVID SUTHERLAND: Thank you.

REP. ROY: Michael Bisi, followed by Cathy Osten.

MICHAEL BISI: Good morning, Chairman Roy and Members of the Environment Committee. Thank you for allowing me to speak tonight.

My name is Mike Bisi. I am Superintendent of Sanitation from the Town of Glastonbury, and I am here representing the Connecticut Water Pollution Abatement Association to which I serve on the Board of Directors.

Although the Town of Glastonbury has the best interest in what I am about to speak about, because we always raise funding for a major treatment center. The CWPA fully supports House Bill 5624 to allow the desperately required increase in clean water funding.

Although Connecticut has been has been in the forefront of clean water projects and its Clean Water Funding Program is probably one of the

REP. CHAPIN: So you would support including those in the definition?

KACHINA WALSH-WEAVER: We would, yes.

REP. CHAPIN: Thank you very much.

REP. ROY: Senator Finch.

SENATOR FINCH: Why don't we just have the local option for vehicles that get better than a certain gas mileage? Why do we want to have alternative fuels and definitions? Isn't there a social policy to encourage conservation of scarce natural resources, and thereby lessen their pollutions?

KACHINA WALSH-WEAVER: I think that would be a very good idea, and that might just make the whole thing a lot easier.

REP. ROY: Thank you. Any other questions or comments? Kachina, thank you. Dan Simmons followed by Richard Boynton.

DANIEL SIMMONS: Chairman and Members of the Committee, thank you for the opportunity to testify today on House Bill 5623, AN ACT WITHDRAWING FROM THE REGIONAL GREENHOUSE GAS INITIATIVE.

My name is Daniel Simmons, and I am the Director of the Natural Resources Taskforce of the American Legislative Exchange Council. My message today is simple. The Regional Greenhouse Gas Initiative will produce no

environmental benefits, but it will entail real costs.

In a paper published in *Geophysical Research Letters*, Tom Wigely of the National Center for Atmospheric Research, a federally funded research and development center, calculated that if the Kyoto Protocol were fully implemented, it would only avert 7/100 of a degree Celsius in temperature warming by 2050.

You have heard me correctly. If the full Kyoto Protocol which would commit the United States to reduce greenhouse gas emissions to 7% below 1990 levels, or about 20% below today's levels, it would avert only 7/100 of a degree Celsius in warming by 2050.

This tiny amount likely isn't measurable, and because it is so small it won't have an effect on climate or on ecosystems.

Because RGGI will avert significantly less carbon dioxide emissions, the temperature rise averted will be lower than the 7/100 of a degree Celsius that would be averted if the Kyoto Protocol were fully implemented. In other words there are no environmental benefits to RGGI.

While RGGI will produce only symbolic benefits, the costs are real. The latest data from Charles River Associates show that RGGI will cost each Connecticut family approximately \$180 in 2010, and \$270 in 2020.

Admittedly, these costs are not gigantic, but it seems unwise to pay \$180 a year for a program that doesn't result in real environmental benefits.

These costs will be disproportionately borne by low and middle-income families and the elderly. These groups will have to pay a higher percentage of their income to energy prices, and they will be less likely to be able to make their houses more energy efficient to deal with higher energy prices.

But these aren't the only costs. When choosing between policy alternatives, economists like to talk about opportunity cost. At its most basic level with dollars spent on wanting is a dollar that can't be spent on something else. In this case, a dollar spent on higher energy prices is a dollar that can't be spent on something else or invested.

Dr. Robert Crandall, an economist with the Brookings Institution has said every dollar dedicated to greenhouse gas abatement today could be invested to grow into \$117 in the next 50 years at a 10% social rate of return. Even at a puny 5% annual return, each dollar would grow into \$12 in 50 years.

He goes on to say that if a program can't produce benefits of this amount, then we should use our scarce resources in other ways.

In summation, RGGI will not produce any measurable environmental benefits, but unfortunately some people have to bear the cost

of the program. Thank you very much for your time. I will be happy to answer any questions.

REP. ROY: Thank you. Are there any questions for Dan? Representative O'Rourke.

REP. O'ROURKE: Thank you, Mr. Chairman. Mr. Simmons, good morning.

You offer a sort of a rare opinion on climate change and global warming. Virtually all of the independent scientific information, studies, and opinion that I have read, suggests that global warming is real and that its effects are pervasive, and will be profoundly negative on life on this planet, both human and otherwise, and that we need to take extreme measures to try to avert it and lessen that impact in the future.

And yet your group, the American Legislative Exchange Council comes before us and asks us not to take action.

Your testimony relies a lot on this *Charles River Report*, Charles River Associates. I want to ask you, you're the Director, are you not of the Director of Natural Resource Taskforce of ALEC?

DANIEL SIMMONS: Yes.

REP. O'ROURKE: So you're the person in charge of making environmental policy and overseeing ALEC's position on these issues.

DANIEL SIMMONS: I am in charge of overseeing these issues, but it is really State Legislatures that develop the policy for the Committee.

REP. O'ROURKE: The State Legislators who are your members, but you do the research--

DANIEL SIMMONS: Yes.

REP. O'ROURKE: --And provide them with the information so you're personally very knowledgeable about this *Charles River Report* that you rely on in this testimony.

DANIEL SIMMONS: I am not, I mean, granted I do not understand all of the assumptions that were made in the report. I just know what those numbers are. I know that those numbers, they rely on different assumptions then for example, the RGGI Staff has used.

What those are, I do not know. I would be very happy to find out what they are and provide that information to you.

REP. O'ROURKE: Do you think the *Charles River Report* relies on numbers that our Regional Greenhouse Gas Imitative staff relied on? Is that what you just said?

DANIEL SIMMONS: That is my assumption, but I don't know that for sure. If I could take--

REP. O'ROURKE: It might not be a good assumption. Do you know when the Charles River study was completed?

DANIEL SIMMONS: This most recent study came out, I mean, the most recent numbers that I provided, that \$180 a year in 2010 and \$270 a year in 2020, those are numbers, they haven't been published yet.

I mean, that they are just within a couple of months old, so that is new data. Their previous data had much higher numbers, because they were relying on previous numbers that the RGGI staff had provided, like pre-September numbers.

But if I could take one step back for a second, you said that I was saying that global warming wasn't real. That is not correct. There is warming, climate changes, and I believe, the information that I have seen says that there has been some global warming.

The question is, is how much of this warming is manmade, and how much of it is because of natural processes and natural trends? That I don't know the answer to, but I just wanted to clear up, that I am not saying that warming isn't real, nor am I saying that we shouldn't take we shouldn't take cost-effective measures, because of global warming. I am not saying that at all.

What I am saying is the Kyoto Protocol, the Cap and Trade System, such as Kyoto Protocol, such as RGGI, isn't going to produce environmental benefits, and that we would be wise to spend our money in other ways, such as reducing greenhouse gas emissions from the Third World, working to make the Third World more energy

efficient, because within just a few years their greenhouse gas emissions are going to be greater than the developed world, and that is really where we can the bang for our buck.

REP. O'ROURKE: I notice on your testimony you're very critical of the Kyoto Protocol and virtually every industrialized First World nation is a part of that except the United States.

DANIEL SIMMONS: The Kyoto Protocol has been signed by, I believe, it is approximately 174 different countries. The two major countries that have not signed are the United States and Australia.

There are about 30 countries that actually have binding commitments under the Kyoto Protocol, as in there are only 30 countries that have to reduce their greenhouse gas emissions. Europe is obviously the main player. Canada as well in the developed world.

Those countries, from the latest data, Europe is not on track to meet its commitments under Kyoto and neither is Canada. That's just a fact, but that is kind of like the size and scope of the Kyoto Protocol.

REP. O'ROURKE: Let's get back to this Charles River study. You mention that your numbers today, your new numbers, my understanding of the *Charles River Report* that was completed actually before our RGGI plan came out, and so wasn't really based on our plan came out, and

so it really wasn't based on our plan at all,
and so some wild assumptions have been made.

Do you know what they used to estimate the cost
to reduce carbon in their report? What per
ton?

DANIEL SIMMONS: I don't know, and that is a very
critical number. From the information, the
marginal cost of abatement per ton, under their
latest assumptions, were \$42, or more than that
in 2010 and \$71 in 2020. That is their
marginal cost to abatement. I--

REP. O'ROURKE: Is that based on the idea of burying
the carp?

DANIEL SIMMONS: I don't know what processes assume,
but I will be happy to find that information
and give it to you.

REP. O'ROURKE: Did you know that our RGGI, has a
cap of \$10 per ton, quite a bit less than your
\$40 and your \$70.

DANIEL SIMMONS: That is, I mean, admittedly that
will keep the prices lower.

REP. O'ROURKE: Will that change your opinion, your
group's opinion of this bill?

DANIEL SIMMONS: No. Because at its most basic
level that RGGI will not produce environmental
benefits period. And that's the most basic
problem.

Yes, there are going to be some costs, even at \$10 a ton of abatement, we are still not producing environmental benefits, and that is what I care about the most is engaging in activities where the environment will benefit.

REP. O'ROURKE: [inaudible] just one last question. I know you have members of your group who are Legislators. Where do you get the bulk of your funding for ALEC?

DANIEL SIMMONS: I don't know where we get the bulk of our funding. As you can imagine, since the issues that I deal with are mostly energy issues, that oil companies, and other energy companies do provide funding for our organization, but--

REP. O'ROURKE: Mobil [inaudible]--

DANIEL SIMMONS: --Exon, Mobil, BP, Shell--

REP. O'ROURKE: DuPont?

DANIEL SIMMONS: I don't know about DuPont, for example. But I mean, and my point is, that is that, yes, we receive funding from the oil companies, and, as a result, you should be critical of my testimony. But then again, we should be critical of all information that comes before the Committee, and that's my message.

REP. O'ROURKE: Fair enough. Thank you, Mr. Chairman.

REP. ROY: Thank you. Any other questions, comments? Representative Piscopo.

REP. PISCOPO: Thank you, Mr. Chairman. Dan, I just want to thank you for coming up and offering this testimony, and with your testimony you brought in some books of the energy environment and economics, and the state factor, some testimony by Dr. Margaret Thorning, and it just offers some good, sound science that states that although there is some warming, it is not human-induced, and I am sure the Members will read, as well as the Chairs will read this stuff, and so I appreciate your dropping that stuff off.

DANIEL SIMMONS: Thank you very much, and then in the state factor that Representative Piscopo brought up, it is using the older number from Charles River Associates, as opposed to the newer numbers which relied on the cap of year 2000 levels.

REP. PISCOPO: It is my understanding that China, I have companies right in my hometown of Thomaston that are in competition with China, and are making the same electronic switches and stuff that we make here in Thomaston. We are in direct competition from China, India, and Brazil. They are exempt from Kyoto.

DANIEL SIMMONS: Yes. All of those countries do not have binding caps, as in they do not have to reduce their greenhouse gas emissions under the Kyoto Protocol.

REP. PISCOPO: Thank you, Dan. Thank you very much for coming up. I appreciate it. Thank you, Mr. Chairman.

REP ROY: Thank you. Any other questions or comments? Say none. Thank you very much, Dan. Richard Boynton, followed by Roger Smith. Good morning, Richard.

RICHARD BOYNTON: My name is Richard Boynton. For the last 10 years, I have served as President of the Lake Beseck Association, an organization of over 100 members that is devoted to the ongoing mission of protecting the environment of the lake and the quality of life at the lake community.

And I am truly honored to be given the opportunity to express my enthusiastic support for House Bill 5625. This bill seeks funding for the elimination of the blue-green algae in the lake and the reduction of the invasive weed called Eurasian Watermilfoil.

On a sunny, summer day in June or July, there are often more than 30 boats on the lake, plus numerous residents and visitors swimming off of their docks or the public beach.

Unfortunately, starting in early August, the lake turns green, and we are talking about slime here. In addition to looking disgusting this blue-green algae causes allergic reactions to many swimmers, and particularly in water-skiers. As you wipe out on your skis and the water is forced up your nose, it is a little disgusting. You get a severely running nose.